

Foreign Private Investment and Agricultural Production in Nigeria (1986 – 2006)



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INTRODUCTION

- More than 70% of the Nigerian population is engaged in agriculture.
- If agriculture is developed, the country will experience reasonable economic growth and development.
- Foreign Private Investment (FPI) has been known to influence economic growth and development of many countries.
- Food insecurity problem presents itself in the face of declined agricultural productivity and increased population pressure.



Objectives of the Study

- The main objective of this study is to investigate the effect of Foreign Private Investment on agricultural production in Nigeria.
- Specifically, the study seek to:
 - (i) assess the level of inflow of foreign private investment into the Nigerian economy,
 - (ii) examine the role of FPI in economic development of Nigeria.

Research Hypothesis

- It is hypothesized in this study that:
There is no significant relationship between Foreign Private Investment and Agricultural Production in Nigeria.

METHODOLOGY

- Secondary data were obtained from the CBN statistical bulletins for various years, National Bureau of Statistics (NBS). Specifically, data were obtained for : agricultural output (contribution of agriculture to GDP), Inflow of cumulative FPI to agriculture, government expenditure, domestic investment within the period under study
- The analysis of the data were based on descriptive and inferential methods

METHODOLOGY CONT'D

- The descriptive method, percentages and tables were used.
- Correlation and regression analysis was employed to test the study hypothesis.
- The regression equation was specified as; $AQ = f(FPI, GX, EX, DI, e)$ where AQ = Agricultural output, FPI = Foreign private investment, Gx = Government Expenditure, Ex = Export, DI = domestic investment.



RESULTS AND DISCUSSIONS

- The agricultural sector accounted for 1.6 per cent of cumulative flow in 1986-1990 and as high as 3.1 per cent in 1991-95.
- the total of cumulative inflow reached a peak of N143, 013 m in 1996-2000.

The flow to agriculture in percent declined very sharply from 3.1 to 0.9.

- This means that the agricultural sector does not benefit maximally from the FPI that cumulatively flow into the national economy



RESULTS AND DISCUSSIONS CONT'D

- Between the periods of 1976-80, the average flow of FPI to this sector stood at 63.2%.
- It dropped sharply in 1981-85 to 0.9 and finally to zero from 1996 to 2001.
- The regression results show that FPI and export are critical determinant of agricultural output.
- The multiple correlation coefficients was 0.87% showing a strong relationship between Agricultural output and FPI.



RECOMMENDATIONS

- The establishment of stable and credible governments that would stay committed to policy reforms, avoiding frequent reversals.
- Steady economic growth and low inflation, coupled with a favourable balanced of payments positions are some of the preconditions for attracting foreign investors.

THANK YOU